

429

Instr: 20110308009437 03/08/2011
P: 1 of 4 F: \$44.00
Rick Campbell 9:01AM LEAS
Stark County Recorder T20110006989

NON-DRILLING OIL & GAS LEASE

THIS LEASE, dated this 21st day of February, 2011, by and between
Richard T. Mitchell & Amanda M. Mitchell (H&W)
1026 Fox Ave SE
Paris, Ohio 44669

hereinafter referred to as Lessor, and D&L Energy, Inc., an Ohio Corporation, of 2761 Salt Springs Rd, Youngstown, OH, 44509, hereinafter referred to as Lessee, hereby agree as follows:

1.) Lessor, for and in consideration of one dollar (\$1.00) and OVC, grants Lessee, its heirs, successors and assigns, all the oil and gas and their constituents in and under the lands described below, with the exclusive rights to operate for, produce and market the same from a well or wells on other lands; the right to unitize Lessor's lands, or any portion, along with other lands into a drilling unit(s) of not more than (55) fifty five acres, the right to lay pipelines over and through the premises hereinafter described and to maintain, operate, repair, replace and remove same, together with valves and other necessary appurtenances, said right shall survive the term of this lease. This Lease is for **ONE (1) YEAR** and as long thereafter as operations are being conducted on any such unit or oil and gas can be produced in paying quantities in Lessee's judgment from any such unit.

This Lease covers all of Lessor's land in and adjoining, said Parcel No(s) 4106097,

bounded now or formerly, as follows:

North by lands of: Mayers East by lands of: Keister
South by lands of: Kiko/Keister West by lands of: Fox Ave SE
In the City/Township of Paris, County of Stark,
State/Commonwealth of Ohio, and containing 5.01 acres, more or less.
Sec: 11 Tn: 17 Rng: 6

2.) Lessor shall be paid as royalties a proportional share of one-eighth (1/8th) of the proceeds by Lessee on all oil and gas sold off the unit, as the amount of Lessor's acreage in the unit bears to the total acreage in the unit. Payment or royalty for gas marketed during any calendar month to be on or about the 30th day after receipt of such funds by the Lessee. Lessee to deduct from payments of proceeds by Lessee, Lessor's prorata share of any tax imposed by any government body.

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3.) No well shall be drilled on Lessor's property, nor shall Lessee enter upon or install any surface installation of any nature whatsoever on the leased property, the within Lease being granted solely for the purpose of permitting the Lessee to unitize the leased property with other properties, which other properties shall bear all the burden of development. Lessor understands and gives consent that, due to slant (directional) drilling, originating from surface entry on a parcel not owned by Lessor, the well bore(s) may pass through or terminate below the surface of Lessor's property.

4.) In case the Lessor owns a less interest in the above described premises than the entire and undivided fee simple therein, then the royalties and rentals herein provided for shall be paid to the Lessor only in the proportion which such interest bears to the whole and undivided fee. If said land is owned by two or more parties, or the ownership of any interest therein should hereafter be transferred by sale, devise or operation of law, said land, nevertheless, may be held, developed and operated as an entirety, and the rentals and royalties shall be divided among and paid to such several owners in the proportion that the acreage owned by each such owner bears to the entire leased acreage.

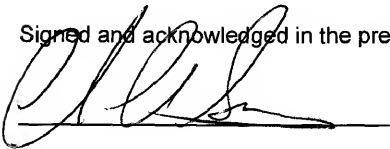
5.) No change of ownership in the leased premises or in the rentals or royalties hereunder shall be binding on the Lessee until after notice to the Lessee by delivery of notice in writing duly signed by the parties to the instrument of conveyance or assignment and delivery of a duly certified copy thereof to the Lessee.

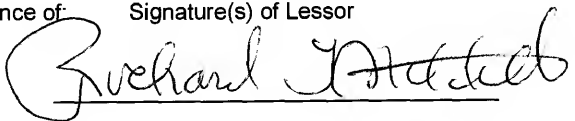
6.) Lessor further agrees that the Lessee shall have the right at any time to redeem for Lessor, or otherwise acquire by payment, any mortgage or other liens upon the described lands which any manner affect the Lessee's interest therein in the event of default of payment by Lessor and be subrogated in full to all the holder thereof the same as if Lessee were the original owner of said mortgage.

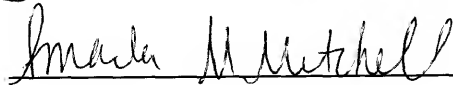
IN WITNESS WHEREOF, the Lessor hereunto set their hands to this Non-Drilling Oil and Gas Lease, referenced herein on this 21st day of February, 2011.

Signed and acknowledged in the presence of:

Signature(s) of Lessor





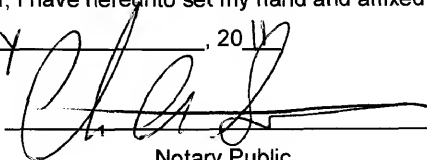


NON-DRILLING OIL & GAS LEASE – page 3

STATE/Commonwealth of Ohio :
COUNTY OF Stark :SS: **INDIVIDUAL**

Before me a Notary Public in and for said county and state personally appeared
the above named Richard T Mitchell & Amanda M. Mitchell
_____ who acknowledged
to me that he/she/they did execute the foregoing instrument and that the same is
his/her/their free act and deed for the purpose therein set forth.

In Testimony Whereof, I have hereunto set my hand and affixed my official seal
this 21st day of February, 2011



Notary Public



Christopher A. Soome
My Commission Expires
July 18, 2016

Individual - 2011
This instrument prepared by:
D&L Energy, Inc.
2761 Salt Springs Rd.
Youngstown, OH 44509

Instr: 201103080009437
P: 4 of 4 F: \$44.00 03/09/2011
Rick Campbell 9:01AM LEAS
Stark County Recorder T20110006989

ADDENDUM OF NON-DRILLING OIL & GAS LEASE

THIS ADDENDUM OF NON-DRILLING OIL & GAS LEASE, dated this 21st day of February, 2011, by and between Richard T. Mitchell & Amanda M. Mitchell (H & W) of 1026 Fox Ave SE, Paris, Ohio 44669, hereinafter referred to as Grantor, and D&L Energy, Inc., an Ohio Corporation, of 2761 Salt Springs Rd, Youngstown, OH 44509, hereinafter referred to as Grantee, hereby agree as follows:

1. Lessor shall receive a ^{one-thousand} ~~five hundred~~ dollars (\$1,000.00) bonus, fourteen (14) days after commencement of drilling.
2. The within lease shall cover from surface to one hundred (100) feet below the base of the Clinton & Medina Sandstone Formation or its stratigraphic equivalent.
3. Lessee shall have the Lessor's current water supply sampled and tested prior to the drilling of any well on or around the leased premises. Should Lessor's water experience a material adverse change in the quality or quantity of Lessor's water supply, during or immediately after the completion of Lessee's drilling operations, Lessee shall be responsible for correcting or replacing the same.
4. Lessee and Lessor agree that a separate right of way agreement must be negotiated for the installation of a pipe to transport gas on or under the leased premises from wells drilled on other lands.
5. Lessee and Lessor agree that the one-eighth (1/8th) royalty payment provided for in this lease shall be of gross production and that there will be no deduction for any transportation, compression, or transfer fees.
6. Lessee and Lessor agree that a separate right of way agreement must be negotiated for the installation of a pipe to transport gas on or under the leased premises from wells drilled on other lands.

In the event that there is a conflict between the NON-DRILLING OIL & GAS LEASE and the NON-DRILLING OIL & GAS LEASE ADDENDUM, the ADDENDUM shall override the NON-DRILLING OIL & GAS LEASE.

WITNESS:



GRANTOR(S)

